



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 22, 1998

THE DIRECTOR

M-98-12

MEMORANDUM FOR THE HEADS OF SELECTED AGENCIES

FROM:

Jacob J. Lew
Acting Director

SUBJECT:

Revised Reporting Guidance on Year 2000 Efforts

This memorandum revises and replaces OMB Memorandum No. 98-02, "Progress Reports on Fixing Year 2000 Difficulties" (January 20, 1998), and OMB Memorandum No. 98-07, "Progress Reports on Fixing Year 2000 Difficulties for Small Agencies" (March 9, 1998). This memorandum asks selected agencies (Attachment B) to provide quarterly reports on progress in addressing the difficulties relating to the year 2000 problem. Note that the list of selected agencies now includes nine small and independent agencies.

This Memorandum also adds new reporting requirements in the areas of continuity of business planning and contingency planning, makes other minor changes throughout the document, and reorganizes the report for clarity. This Memorandum does not preclude OMB from requesting, and agencies from providing, additional information related to year 2000 progress. Such information requests may be part of the budget process or through OMB's management authorities.

As in the past, for those agencies listed in Attachment B, I ask that you or your Chief Operating Officer provide reports to OMB by the fifteenth of February, May, August, and November through November 1999. **In a change from previous reports, reports should be directed to:**

**Office of Management and Budget
OIRA Docket Library
NEOB 10102
725 17th Street, N.W.
Washington, D.C. 20503**

Reports may also be faxed to 202-395-5806. Any questions regarding the procedures of submitting a report may be directed to Ms. Pamela Beverly, telephone 202-395-6881.

Those agencies that are in Tier 1 or Tier 2 are also aware of an additional reporting requirement to provide to OMB reports of monthly progress against their plans. (See OMB Memorandum, "Progress in addressing the year 2000 computer problem in mission critical systems," June 19, 1998.) To streamline reporting processes, during the month when a quarterly report is due, Tier 1 and Tier 2 agencies may submit their monthly reports at the same time as the

quarterly reports. For example, the next monthly report, which would otherwise be due on August 10, may be submitted with the next quarterly report on August 15.

Finally, as you are well aware, the Congress is deeply interested in agency progress, as well. Agencies are encouraged to send their plans and reports to concerned Members of Congress at the same time that they submit them to OMB.

Thank you for your continued support in this critical effort. The accelerated schedule and additional reporting are vital to a smooth transition in the year 2000.

Attachments

cc: Agency Chief Information Officers

Status of (Department/Agency's) Year 2000 Efforts:
Quarterly Progress Report
Due the 15th of February, May, August, and November through 1999

- I. Overall Progress. Provide a report of the status of agency efforts to address the year 2000 problem, which includes an agency-wide status of the total number of mission-critical systems.

For this table, the four right-hand columns ("Number compliant," "Number to be Replaced," "Number to be Repaired," and "Number to be Retired") must add up to the left hand column ("Total Number of Mission-Critical Systems"). Over time, as systems are implemented, the "Number to be Repaired" and "Number to be Replaced" will decline, while the "Number Compliant" will increase by the same amounts. Ultimately, the "Total Number of Mission-Critical Systems" will be equal to "Number Compliant." Similarly, the "Number to be Retired" will also decline as systems are actually retired. As this occurs, the Total Number of Mission-Critical systems will also decline, in order accurately reflect the total number of mission-critical systems left. Although the "Total Number of Mission-Critical Systems" should be fairly stable at this time, you should adjust this number, as well as the number in the relevant column on the right, as necessary, in order to reflect the identity of new systems or determinations that systems are not mission-critical. Any significant changes to the Total Number of Systems should be explained in a footnote.

Total Number of Mission-Critical Systems	Number Compliant	Number to be Replaced	Number to be Repaired	Number to be Retired

- II. Progress of Systems Under Repair. Provide a report of the status of agency efforts to address the year 2000 problem which includes the status of systems under repair.

a. In the first row, indicate the dates your agency has set for completing each phase. In each report, restate these dates and indicate if there has been a change.

In the second row, under "Total Number of Systems," indicate the baseline number of mission critical systems that *have been* or *will be* repaired. Footnote and explain any changes to this number. Also in the second row, present the number of mission-critical systems that have completed each phase of assessment, renovation, validation, and implementation.

	Total No. Mission Critical Systems	Assessment	Renovation	Validation	Implementation
Milestones	////////////////////				
Current Number Complete					

- b. Provide a description of progress for fixing or replacing mission-critical systems. Please ensure that your report on the completion of phases is consistent with the CIO Council's best practices guide and GAO's assessment guide, Year 2000 Computing Crisis: An Assessment Guide.
- c. Provide a description of progress in fixing non-mission critical systems, including measures that demonstrate that progress.
- d. Provide a description of the status of efforts to inventory all data exchanges with outside entities and the method for assuring that those organizations will be or have been contacted, particularly State governments. Provide a description of progress on making data exchanges compliant.
- e. Provide a description of efforts to address the year 2000 problem in other areas, including biomedical and laboratory equipment and any other products or devices using embedded chips.
- f. Provide a description of efforts to address the year 2000 problem for buildings that your agency owns or manages. If your buildings are owned or managed by GSA, you should only report on those systems for which you have direct responsibility. You do not need to report on systems which are the responsibility of GSA. " Please indicate if you are a member of the Building Systems Working Group of the Year 2000 Subcommittee of the CIO Council.
- g. Provide a description of efforts to address the year 2000 problem in the telecommunications systems that your agency owns or manages. If your systems are owned or managed by GSA, you do not have to report on those systems. Please indicate instead whether or not you are a member of the Telecommunications Working Group of the Year 2000 Subcommittee of the CIO Council.
- h. Provide a description of the status of the year 2000 readiness of each government-wide system operated by your agency (e.g., GSA will report on FTS 2000).
- i. Please include any additional information that demonstrates your agency's progress. This could include charts or graphs indicating actual progress against

your agency's schedule, lists of mission critical systems with schedules, success stories, or other presentations.

III. Verification Efforts.

- a. Describe how and to what extent internal performance reports, (i.e., compliance of systems repaired and replaced) are independently verified. Provide a brief description of activities to assure independent verification that systems are fixed and to assure that information reported is accurate. Also identify who is providing verification services (for example, Inspectors General or contractors).

IV. Organizational Responsibilities.

- a. Describe how your Department/Agency is organized to track progress in addressing the year 2000 problem. (If you have provided this information in the past, only provide it again where it has changed.) Include in your description the following:
 1. Describe the responsible organization(s) for addressing the year 2000 problem within your Department/Agency and provide an organizational chart.
 2. Describe your Department/Agency's processes for assuring internal accountability of the responsible organizations. Indicate how frequently the agency head or Chief Operating Officer is briefed on year 2000 progress. Include any quantitative measures used to track performance and other methods to determine whether the responsible organizations are performing according to plan. Include a discussion of the oversight mechanism(s) used to assure that replacement systems are on schedule.
 3. Describe the management actions taken and by whom when a responsible organization falls behind schedule.

V. Continuity of Business Plans.

Describe your agency's approach to ensure continuity of your core business functions. Your discussion should also include schedules and milestones and your high-level core business functions. Agencies should use the GAO document, Year 2000 Computing Crisis: Business Continuity and Contingency Planning, (March 1998, currently in exposure draft), as a guide.

VI. Exception Report on Systems.

Provide a brief status of work on each mission critical system which is not year 2000 compliant that is either (1) being replaced and has fallen behind the agency's internal schedule by two months or more, or (2) being repaired and has fallen behind the agency's milestones by two months or more.

- a. If this is the first time this system is reported, include:
 - 1. An explanation of why the effort to fix or replace the system has fallen behind and what is being done to bring the effort back on schedule.
 - 2. The new schedule for replacement or completion of the remaining phases.
 - 3. A description of the funding and other resources being devoted to completing the replacement or fixing the system.
- b. If this system has been previously reported and remains behind schedule, include:
 - 1. An explanation of why the system remains behind schedule and what actions are being taken to mitigate the situation.
 - 2. A summary of the contingency plan for performing the function supported by the system should the replacement or conversion effort not be completed on time. Indicate when the contingency plan would be triggered, and provide an assessment of the effect on agency operations should the system fail. If you do not yet have a contingency plan, indicate when it will be in place.

VII. Systems scheduled for implementation after March 1999.

Please include a list of those mission critical systems where repair *or* replacement cannot be implemented by the March 1999 deadline. The list should include:

- a. The titles of the systems.
- b. A brief description of what the system does.
- c. The reason that the system cannot be implemented by the deadline.
- d. A summary of the contingency plan for performing the function supported by the system should the replacement or conversion effort not be completed on time. Indicate when the contingency plan would be triggered, and provide an assessment of the effect on agency operations should the system fail, including

anticipated problems. If you do not yet have a contingency plan, indicate when it will be in place.

VIII. Other Management Information.

- a. On the first row, report your estimates of costs associated with year 2000 remediation, including both information technology¹ costs as well as costs associated with non-IT systems. Report totals in millions of dollars. (For amounts under \$10 million, report to tenths of a million.)

Fiscal Year	1996	1997	1998	1999	2000	Total
Current Cost						

- b. If there have been dramatic changes in cost, please explain.
- c. If there have been significant changes to your agency's schedule, changes in the number of mission critical systems, changes to the number of systems behind schedule, please explain.
- d. Are there any concerns with the availability of key personnel?
- e. Are there any other problems affecting progress?

¹ Information technology costs to be included are described in Section 43 of OMB Circular A-11. DoD should report obligational authority requirements for business and weapons systems.

Selected Agencies

Department of Agriculture
Department of Commerce
Department of Defense
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of State
Department of Transportation
Department of the Treasury
Department of Veterans Affairs

Environmental Protection Agency
National Aeronautics and Space Administration
Social Security Administration
Agency for International Development
Central Intelligence Agency
Federal Emergency Management Agency
General Services Administration
National Science Foundation
Nuclear Regulatory Commission
Office of Personnel Management
Small Business Administration

Federal Communications Commission
Federal Housing Finance Board
National Archives and Records Administration
National Labor Relations Board
Office of Administration, Executive Office of the President
Peace Corps
Tennessee Valley Authority
U.S. Postal Service
U.S. Trade Representative, Executive Office of the President